

Wednesday, December 12, 2007

City of Chula Vista
2007 Annual Growth Management Review Cycle

**RESIDENTIAL GROWTH FORECAST
Years 2008 Through 2012**

INTRODUCTION

As a component of the City of Chula Vista's Growth Management Program, the City's Planning Division provides annual growth forecasts for two time frames: 12 to 18 months and five years. Given timing for this year's forecast release, the short-term forecast covers the 14 months from November 2007 through December 2008; and the five-year forecast extends through calendar year 2012.

The forecast information in this document, including figures and tables, are delineated under the following headings:

- Forecast Summary
- Forecast Information
 - Background
 - East Chula Vista
 - West Chula Vista
- Forecasted Population

This information is provided to enable City departments and other service agencies to assess the potential impacts that growth may have on maintaining compliance with the City's eleven growth management quality-of-life Threshold Standards (Fire and Emergency Medical Service; Police; Traffic; Parks and Recreation; Drainage; Libraries; Air Quality; Fiscal; Schools; Sewer; and Water). With this data, these bodies will be able to report possible threshold impacts to the Chula Vista Growth Management Oversight Commission (GMOC) as part of their annual compliance questionnaire.

Through the City's growth management review process, the GMOC will provide a set of recommendations to the City Council regarding maintenance and/or revisions to each of the City's Threshold Standards. Those recommendations can include such actions as the addition or acceleration of capital projects, hiring personnel, changing management practices, slowing the pace of growth, or considering a moratorium. The City Council will ultimately decide what course of action to take.

Commonly referred to as the Growth Management or GMOC forecast, it is important to note that this forecast:

- Does not represent a goal or desired growth rate;
- Is what may occur given a set of assumptions (presented on page 2);
- Is produced by the City and not necessarily endorsed by home builders; and
- Represents a "worst-case" or more liberal estimate to assess maximum possible effects to the City's threshold standards.

Preparing a five-year forecast always incorporates a fair degree of uncertainty as to market conditions. The forecast is a disclosure of residential projects that have been or are undergoing the entitlement process, and could potentially be approved and permitted for construction within the next five years. These projects are under the City's control with respect to the standard entitlement process time frames. As such, these numbers do not reflect market conditions outside the City's control.

The current forecast period could present a potential challenge given the downward trends in the housing market that are influenced by a variety of factors outside the City's control. Based on the cyclical nature of upswing and downturns in the housing market, this cycle is in a downturn, and a return to equilibrium would be anticipated in the future. Given this current downward trend in residential construction, inventories would be expected to be absorbed, but at a lower pace.

This forecast report highlights projected growth in both the eastern and western portions of the City. While the majority of the forecast remains in the east, increased infill and redevelopment in western Chula Vista is starting to take place and will continue in the future.

FORECAST SUMMARY

Over the next fourteen months (November 2007 – December 2008) as many as 1,313 housing units could potentially be permitted for construction in eastern Chula Vista, and about 127 housing units could be permitted in western Chula Vista, for a citywide total of approximately 1,440 units (see Figure 1 – Forecasted Residential Units Permitted By Area 2008 Through 2012).

In the five-year forecast period (calendar years from 2008 through 2012), eastern Chula Vista may have as many as 6,845 housing units permitted, and 1,301 in western Chula Vista. This totals 8,146 units citywide, with an annual average of 1,369 units in the east and 260 in the west, or approximately 1,629 housing units permitted per year, on average citywide (see Figure 1, Table 1 – Eastern Chula Vista Residential Development Forecast, and Table 2 – Western Chula Vista Residential Development Forecast).

In order for the City of Chula Vista to accommodate this growth and maintain the quality of life there must be the concurrent development of necessary public facilities and services. It is the role of the Growth Management Oversight Commission (GMOC) to assess if the established quality of life standards are being met and to make recommendations to the City Council to ensure future compliance.

The following discussions and figures describe the context, conditions and assumptions behind the forecast, and are provided to further qualify that this forecast is a fluid planning tool and not a prediction or guaranteed expectation.

FORECAST INFORMATION

Background

As depicted on Table 3, (Historic Housing and Population Growth – City of Chula Vista 1980-2007), the number of houses constructed in Chula Vista has fluctuated from a few hundred units a year to over 3,000 (as in 2001), with an average of approximately 1,400 units per year over the last 26 years. Several market cycles have occurred, with decline in the number of units permitted in the early 1980's (average 330 units) and 90's (average 693 units), and since 2005. The record 3,525 unit permits issued in 2001 represents a peak of residential permits rather than an average or a norm.

While this forecast reflects the current deceleration of construction activity in Chula Vista, it is representative of the region, and rebound in construction can be anticipated. This stems from a few factors, including the following:

- The limited General Plan housing capacity among some of the region's other cities;
- The comparatively lower average price of housing in areas south of Interstate 8; and
- The amount of vacant land and housing capacity within approved master planned projects in eastern Chula Vista.

Between the years 1996 and 2001 the number of units steadily increased from about 1,000 units to a peak of over 3,500 housing units receiving building permits. A significant part of this is attributable to the onset of construction in the Otay Ranch project and other eastern Chula Vista master planned communities. Since 2001 the average annual number of units receiving permits for construction has been approximately 2,200.

The past year has also seen increasing interest rates, a correspondent slowing of housing development within the region, and a decrease in the number of new dwelling units permitted for construction in Chula Vista. The extent to which these trends continue, it may influence this forecast in a downward direction.

Figure 2 (Summary: Residential Units Receiving Building Permits 1996 to 2007 and 2008 through 2012 Forecast) reflects the dramatic changes that have occurred between 2006 and 2007 (a reduction of nearly 730 units). These changes are based on a number of factors:

- Rising interest rates;
- Rising housing and construction costs; and
- The ability of the public to qualify for mortgage loans.

The following forecast assumptions for eastern and western Chula Vista are predicated upon the following:

1. That there are no additional building "caps" imposed on development that would restrict the number of units below what is forecasted.
2. That public policy regarding development remains otherwise unchanged.
3. That Growth Management thresholds are not exceeded.
4. That the housing market makes corrections within two to three years.
5. That the General Plan Update deferral area in Otay Ranch is resolved in year 2008, and SPA processing commences.
6. That projects follow a normal project regulatory processing schedule.

Eastern Chula Vista

Growth for the next fourteen months in eastern Chula Vista is based upon the overall assumptions. The various planned communities have a number of projects in the processing "pipeline" with 1,313 units potentially ready for permitting over the next fourteen months. Otay Ranch Villages 2, 6, 7 and 11 have all their entitlements and are actively under construction.

It is anticipated that the next five years could produce as many as 6,845 additional housing units permitted for construction in eastern Chula Vista, for an average annual rate of approximately 1,369 units. This number is derived primarily from approved development plans, and estimated

project-processing schedules for project plan reviews, subdivision maps, and building plans. (Table 1 Attachment). In addition, it assumes that the Eastern Urban Center, Villages 4, 8 and 9 in Otay Ranch have obtained entitlements.

As of November 2007, the remaining capacity for residential units that could be permitted in eastern Chula Vista is approximately 15,200, based on the General Plan Update, adopted in December, 2005. If 6,845 units could be permitted over the next five-years forecasted period, there would be 8,355 units remaining. Given the current rate of growth, this capacity could potentially be built out around 2020. However, additional General Plan Amendments could occur, resulting in additional units added to the potential inventory of housing units, thereby extending the ultimate build-out date.

Western Chula Vista

Western Chula Vista has not shown significant increases in housing since the growth management program was instituted in the late 1980's. This situation is changing, due to an increased interest in infill, redevelopment, and density increases through the General Plan Update adopted in December 2005, and the adopted Urban Core Specific Plan (UCSP) and possibly the future Bayfront Master Plan.

Several projects have been completed in recent years, particularly along Broadway, reflective of development interest in western Chula Vista. As shown on Table 2, several other projects have been applied for by developers and are under City review for entitlements. These are shown with double asterisks. The Third Avenue Village ENA and E Street Transit Village Exclusive Negative Agreement are both within the UCSP area. There are other projects that are not included in this year's forecast because of their uncertainty in the entitlement process.

In the short-term, there are several projects in the approval process that constitute up to an additional 127 units that could be permitted within calendar year 2008. In addition, there are also several projects with development potential in the Northwest and additional infill and accessory units that may potentially be permitted (see Figure 1).

Over the next five years western Chula Vista could potentially experience an increase of 1,215 multi-family residential units, primarily due to 1) Pending approvals from the City, which would include the initial phases of Bayfront development, commencing by the end of 2010, and 2) Several other small to mid-size projects currently being processed are also reflected, including those of the current ENA projects (Third Ave. and E Street). A small addition of accessory units tracking at an average of five per year for 25 units, and some infill single family homes totaling about 86 units are also included in the five-year period. This provides a total of 1,301 residential units for an annual average of 260 units (see Table 2 and Figure 3).

FORECASTED POPULATION

This report focuses on the forecasted residential units as the primary indicator to measure future population increases. Western Chula Vista (as evidenced by U.S. Census data) has been undergoing growth in the form of demographic changes as the average household size increases;

however, such growth is difficult to track on a year-to-year basis and is not reflected in this report's future population forecast.

The California State Department of Finance estimates that Chula Vista has on average of 3.036 persons per household. Assuming that this estimate remains valid over the next five years, and assuming a 3% vacancy rate, Chula Vista can expect a total population of approximately 253,600 persons by the end of 2012. This is based on the following:

- The California State Department of Finance (DOF) estimated a Chula Vista's population on January 1, 2007 as 227,723;
- An additional 642 units were occupied from January 1, 2007 to November 2007; and
- An additional 8,146 units may be permitted between November 2007 and 2012.

This is only a rough estimate for planning purposes, as the vacancy rate, persons per unit factors, and the number of actual units completed may vary.

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Figure 1

**Forecasted Residential Units Permitted By Area
2008 Through 2012**

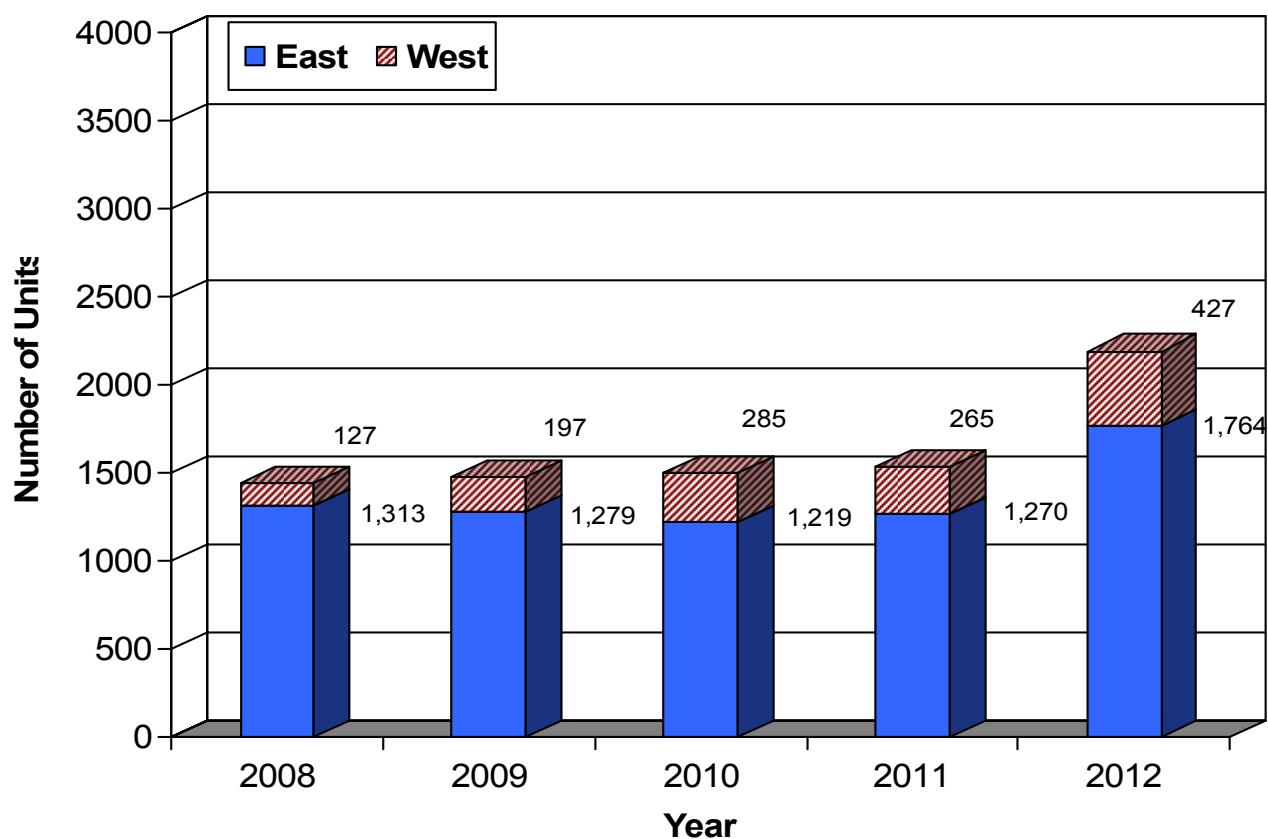


Figure 2

**Summary: Residential Units Receiving Building Permits 1996 to 2007
and 2008 through 2012 Forecast**

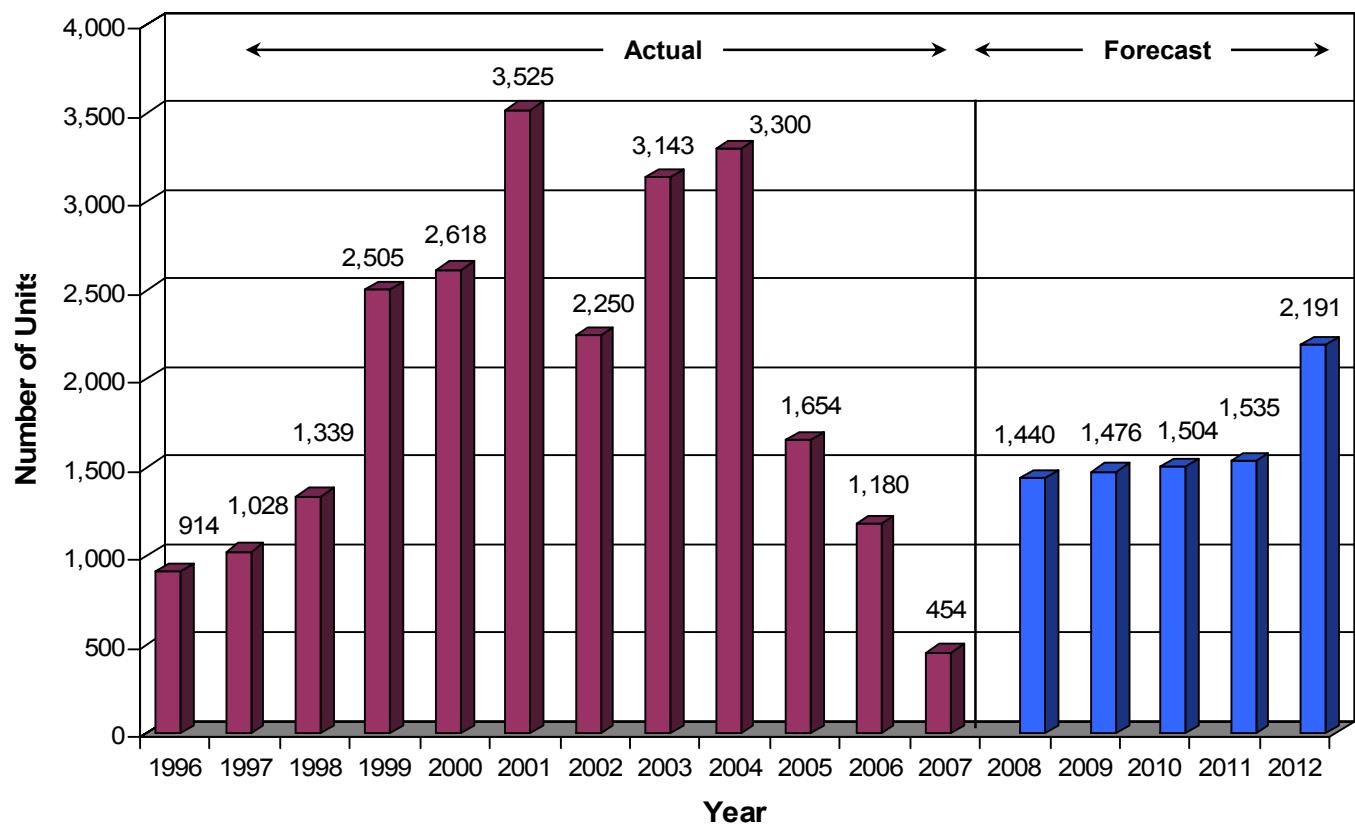
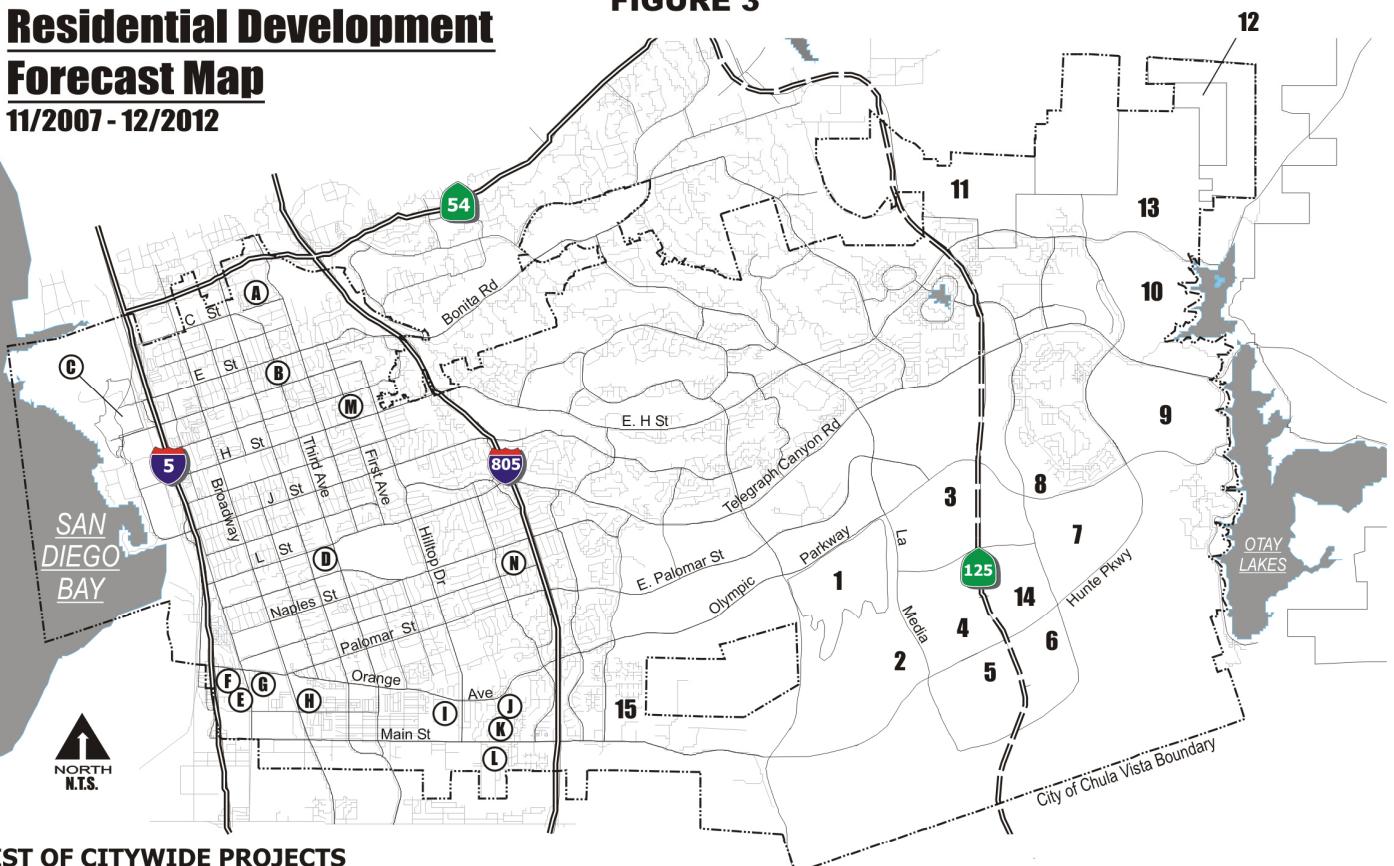


Figure 3

FIGURE 3

Residential Development Forecast Map

11/2007 - 12/2012



LIST OF CITYWIDE PROJECTS

A	Villas Del Mar	H	Vecinos (Affordable Hsg)	1	Otay Ranch Village	2	8	Eastlake Land Swap
B	248 Church Av ENA	I	Tamarindo Villas	2	Otay Ranch Village	4	9	Eastlake Vistas
C	Mid Bayfront	J	Syacmore Estates	3	Otay Ranch Village	6	10	Eastlake Woods
D	Creekside Vistas	K	Villa Hermosa	4	Otay Ranch Village	7	11	San Miguel Ranch
E	Trolley Villas	L	River Park Estates	5	Otay Ranch Village	8	12	Bella Lago
F	Marsella Villas	M	Napa	6	Otay Ranch Village	9	13	Rolling Hills Ranch
G	BayVista Walk	N	Oxford St (Concordia)	7	Otay Ranch Village	11	14	Eastern Urban Center
							15	El Dorado Ridge



Table 1
GMOC 2008 - EASTERN CHULA VISTA RESIDENTIAL DEVELOPMENT FORECAST

November 2007 - December 2012

PROJECT	NOV. 2007. - DECEMBER 2008		JAN. - DECEMBER 2009		JAN. - DECEMBER 2010		JAN. - DECEMBER 2011		JAN. - DECEMBER 2012		14-Month Forecast		Five Years Forecast											
	ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		NOV. 2007 - DEC. 2008		NOV. 2007 - 2012											
	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF										
OTAY RANCH																								
Village 2	276	15	250	160	400	175	400	200	400	250	276	15	1726	800										
Village 4	0	0	0	0	0	0	0	0	0	100	0	0	0	100										
Village 6	66	0	78	0	42	0	0	0	0	0	66	0	186	0										
Village 7	0	65	19	142	50	148	50	100	67	57	0	65	186	512										
Village 8	0	0	0	0	0	0	0	0	150	100	0	0	150	100										
Village 9	0	0	0	0	0	0	0	0	200	0	0	0	200	0										
Village 11	80	53	186	59	200	37	244	0	0	0	80	53	710	149										
Eastern Urban Center	0	0	0	0	0	0	276	0	440	0	0	0	716	0										
Otay Ranch Sub-Total	422	133	533	361	692	360	970	300	1,257	507	422	133	3,874	1,661										
EASTLAKE																								
Greens (+Land Swap)	42	0	54	0	15	0	0	0	0	0	42	0	111	0										
Vistas (+Windstar)	494	10	0	0	0	0	0	0	0	0	494	10	494	10										
Woods	0	15	0	11	0	0	0	0	0	0	0	15	0	26										
Sub-total	536	25	54	11	15	0	0	0	0	0	536	25	605	36										
ROLLING HILLS RANCH																								
SAN MIGUEL RANCH (+Spring Hill Seniors)	0	56	0	59	0	64	0	0	0	0	56	0	0	179										
EL DORADO RIDGE	52	0	52	0	0	0	0	0	0	0	52	0	104	0										
BELLA LAGO	0	32	0	50	0	28	0	0	0	0	0	32	0	110										
SUB-TOTAL	1,010	303	728	551	707	512	970	300	1,257	507	1,010	303	4,672	2,173										
TOTAL UNITS	1,313		1,279		1,219		1,270		1,764		1,313		6,845											
Monthly Average:										94														
Annual Average:										1,369														

*ISSUE = Building Permit

*Assumes Adoption of 2006 GDPA

Table 2**GMOC 2008 - WESTERN CHULA VISTA RESIDENTIAL DEVELOPMENT FORECAST****November 2007 - December 2012**

PROJECT											14-Mth Forecast	5-Year Forecast									
	NOV. 07 - DEC. 2008		JAN. - DEC. 2009		JAN. - DEC. 2010		JAN. - DEC. 2011		JAN. - DEC. 2012		NOV. 07 - DEC. 08										
	ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*		ISSUE*										
	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF	MF	SF							
Bayfront Master Plan**	0	0	0	0	260	0	260	0	260	0	0	0	780	0							
248 Church Ave ENA Project**	0	0	13	0	0	0	0	0	0	0	0	0	13	0							
Creekside Vistas - 912-944 Third Ave	0	0	0	0	0	0	0	0	162	0	0	0	162	0							
Los Vecinos (Affordable Housing)- 1501 Broadway	42	0	0	0	0	0	0	0	0	0	42	0	42	0							
Bay Vista (Palomar Gateway)	0	0	50	0	0	0	0	0	0	0	0	0	50	0							
Villas Del Mar - 160 N. Del Mar Ave	0	0	0	10	0	0	0	0	0	0	0	0	0	10							
River Park Estates - 348 Palm Ave	0	8	0	0	0	0	0	0	0	0	0	8	0	8							
Trolley Villas - 1350 Industrial Blvd.	0	0	97	0	0	0	0	0	0	0	0	0	97	0							
Tamarindo - 35 Tamarindo Wy	0	0	0	0	20	0	0	0	0	0	0	0	20	0							
Villa Hermosa - Main St. @ Maple Dr.	0	0	10	0	0	0	0	0	0	0	0	0	10	0							
Marsella Villas - 778, 780, 790, 812, 808 Ada St.	41	0	0	0	0	0	0	0	0	0	41	0	41	0							
Napa - 445 First Ave	0	9	0	0	0	0	0	0	0	0	0	9	0	9							
Sycamore Estates Sycamore Dr. @ Walnut Dr.	0	10	0	0	0	0	0	0	0	0	0	10	0	10							
Oxford St. - 267 E. Oxford St.	0	12	0	12	0	0	0	0	0	0	0	12	0	24							
Second Accessory Units	0	5	0	5	0	5	0	5	0	5	0	5	0	25							
SUB-TOTAL	83	44	170	27	280	5	260	5	422	5	83	44	1,215	86							
TOTAL UNITS	127		197		285		265		427		127		1,301								
										Monthly Average:	9										
										Annual Average:	260										

* ISSUE = Building Permit

** These projects are in conceptual discussion, and do not have specific project building plans under review at this time.

Table 3

HISTORIC HOUSING AND POPULATION GROWTH CITY OF CHULA VISTA 1980 – 2007

CALENDAR YEAR	Units Authorized for Construction (Issued)	Units Completed (Finalized)	Certified Year End Population (State D.O.F.) (1)	
	No.	No.	No.	% Change
1980	407	374	84,364	
1981	195	496	86,597	2.6%
1982	232	129	88,023	1.6%
1983	479	279	89,370	1.5%
1984	1,200	521	91,166	2.0%
1985	1,048	1,552	116,325	27.6% (2)
1986	2,076	1,120	120,285	3.4%
1987	1,168	2,490	124,253	3.3%
1988	1,413	829	128,028	3.0%
1989	1,680	1,321	134,337	4.9%
1990	664	1,552	138,262	2.9%
1991	747	701	141,015	2.0%
1992	560	725	144,466	2.4%
1993	435	462	146,525	1.4%
1994	700	936	149,791	2.2%
1995	833	718	153,164	2.3%
1996	914	820	156,148	1.9%
1997	1,028	955	162,106	3.8%
1998	1,339	1,093	167,103	3.1%
1999	2,505	1,715	174,319	4.3%
2000	2,618	2,652	183,300	5.2%
2001	3,525	3,222	190,300	3.8%
2002	2,250	2,923	199,700	4.9%
2003	3,143	2,697	209,133	4.7%
2004	3,300	3,043	217,543	4.0%
2005	1,654	2,525	223,423	2.7%
2006	1,180	1,448	227,723	1.9%
2007	454	642	229,613	0.8% (3)
Annual Average	1,348	1,355	5,187	2.9% (4)

(1) Reflects Department of Finance (DOF) comprehensively revised population figures for the end of the referenced year.

(2) Montgomery Annexation

(3) Population estimates assume 3% vacancy rate and assuming that there are 3.036 persons per unit. This population figure is an estimate prior to California Department of Finance (DOF) preliminary figures due by February 2008 and final estimates in May 2008.

(4) The annual average percentage is adjusted for the anomaly of the Montgomery Annexation .